Prerequisites to Enroll
None.

Overview and Objectives
A distinctive feature of Walrasian economies is that all markets clear. That is, no delay takes place when trading is mutually beneficial. This immediate implication appears to be at odds with the empirical evidence in many markets: unemployed workers coexist with vacant jobs in the labor markets, buying/selling in the housing market is not instantaneous, singles take time to find a suitable partner, etc. Modern macroeconomics has widely incorporated frictions, for instance, in financial, housing or marriage in addition to labor markets.

In this course, we will look at empirical evidence on labor market outcomes and then build theoretical models that can rationalize it. We will primarily use such models to discuss labor market policies such as unemployment insurance and layoff taxes. Moreover, we will study topics such as trends in wage inequality and job and wage polarization, trends in labor force participation, and the interaction between credit and labor markets and the effects of a credit crunch in the economic activity.

The material will be uploaded to the course Box folder.

Course Outline
1. Implications from a perfectly competitive equilibrium model. Empirical evidence on labor markets.
2. Search and matching models of a frictional labor market.
   a. Exogenous supply of jobs. The worker's search decision.
   b. Two-sided random search
5. Wage Inequality and Job and Wage Polarization.
Required Activities

There will be problem sets. Students are encouraged to discuss these and work together (the exact procedure will be discussed at the beginning of the course). Also, students are required to read the papers covered in class.

Evaluation

Students are expected to successfully complete 3 problem sets and a final exam. The final exam will account for 85% of the final grade, and the assignments for the remaining 15%. Furthermore, each paper covered in class will be assigned randomly to a student for a 5-minute summary.

Competences

☐ That students know how to apply the acquired knowledge and their ability to solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their field of study.

☐ That students possess the learning skills that allow them to continue studying in a way that will be largely self-directed or autonomous.

☐ To identify and apply the insights of the theory, the models, and the analytical tools of modern economy to its global dimension.

☐ To evaluate, with theoretical and quantitative instruments, the complex realities of the economy to understand the way it works.

Learning Outcomes

☐ Applies numerical calculation methods and simulation techniques for macroeconomic problems and design of policy evaluation.

☐ Empirically characterizes relevant phenomena from the macroeconomic point of view.

Professor’s Information

You can reach me (Javier Fernández-Blanco) at Javier.fernandez@uab.cat. My office is B3-188 at the Economics Department of the UAB.

Materials

Empirical Macroeconomics
Main Textbooks:


Articles:


